

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: July 25, 2007

PAYROLL LETTER # 07-010
Civil Service Only

TO: To All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services DivisionRE: **FISCAL YEAR 2007/2008 PAYROLLS**

Effective with the July 2007 master payroll and thereafter, payments and adjustments for the July 2007 pay period and later will be withheld for certain employees who are statutorily exempt from the Fair Labor Standards Act. The pay withholds are a result of the delayed state budget. Departments who have employees that will not be paid until a budget or appropriations bill is enacted can access a ViewDirect report for a list of their affected employees. The report is identified under the ViewDirect Report ID PDW1579-1, FLSA Exempt Employees Not Entitled to Pay Due To Delayed Budget and reflects employment history data as of July 23, 2007. Departments with no affected employees will not have the report listed in their ViewDirect report directory.

To facilitate the pay withhold process, employees who are not to be paid are assigned to work week group '4D98' for identification purposes. Beginning on the evening of July 19, 2007, the Employment History Data Base was updated to post a 355 transaction to change the work week group code on the affected employees' employment records. The 355 transaction also caused the Document Processing Number to be incremented by one. Turnaround PARs were not generated from the 355 transaction updates that occurred from July 19, 2007 through July 24, 2007. Departments will begin to receive turnaround PARs for any 355 work week group code 4D98 transactions processed after July 24, 2007.

Once the budget or appropriations bill is enacted, all pay that was withheld will be issued. Also, pay that was withheld for an employee who subsequently separates will be issued once the separation transaction is processed.

Should the budget be signed beyond July 31, 2007, the Controller's Office will certify attendance for the affected employees. The 355 transaction will also be voided thereafter and turnaround PARs will be issued.

Please contact Linda Matsuda at (916) 322-8071 or by email at lmatsuda@sco.ca.gov if there are any questions regarding the pay withhold process.

DS:LMS:PMAB